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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR-1/33

13 May 1957

**PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

ECONOMIC INTELLIGENCE COMMITTEE

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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events
26 April - 9 May 1957

Efforts of the Sino-Soviet Bloc to expand economic relations with Free World countries during the period 26 April - 9 May 1957 included: (1) the arrival of the first shipment of Chinese Communist aid goods into Cambodia; (2) the signing of an agreement by China to deliver rice, despite a severe domestic shortage, to Ceylon; (3) the signing of a Soviet-Iranian transit agreement; and (4) an offer by the USSR of technical assistance to Sudan. Uruguay, however, rejected a low Czechoslovak bid to provide equipment for the Montevideo telephone system.

The first shipment of aid goods from Communist China to Cambodia, which reportedly consisted of cement and raw silk, arrived in Phnom Penh without incident despite the fear that the government of Vietnam would prevent passage of the cargo up the Mekong River. Another shipment of aid goods was reported already under way.

The 15,000 long tons of rice that Communist China agreed to deliver to Ceylon, despite the deficit in Chinese supplies, is in addition to the 266,000 long tons of rice called for during 1957 under the 5-year rubber-rice agreement. Other events in South Asia included the placing in operation of a Rumanian oil rig, the first purchased by India from the Soviet Bloc, and a review by the Indian Parliament of the progress on the joint Soviet-Indian steel project in Bhilai.

In Burma a team of Soviet agricultural and irrigation experts is working with the Burmese in the building and planning of dams and other projects related to agricultural development in Central Burma. In Indonesia, machinery for an automobile tire factory ordered from Czechoslovakia and originally scheduled to arrive in February has been delayed.

The major economic activities of the Bloc in the Middle East were the signing of a 3-year transit agreement between Iran and the USSR providing reciprocal rights for the free transit of goods across the

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territories of both countries, and a Soviet offer to Sudan of the services of a team of Soviet experts to study Sudan's major irrigation and agricultural projects with a view toward providing Soviet technical aid. In addition, a 3-year trade agreement was signed between Syria and Czechoslovakia providing for the exchange of Czechoslovak industrial products for Syrian agricultural products.

In Latin America, Uruguay rejected a Czechoslovak bid to provide equipment for the Montevideo telephone system, despite the low price, because serious security considerations were involved. Officials of Uruguay and other governments opposed the awarding of the contract to a Bloc firm because the contractor engaged for the project would have access to all telephone lines in the city for 4 years. Also in Uruguay a Chinese Communist delegation arrived to negotiate a bilateral agreement for the exchange of Chinese and Uruguayan goods.

Yugoslav efforts to trade with underdeveloped countries of the Free World are encountering determined competition from countries of the Soviet Bloc. A high Yugoslav official denounced Bloc underbidding of Yugoslav commercial offers as an attempt to undermine the Yugoslav position in the Near East.

Major producers of rolling stock in the European Satellites are intensifying efforts to sell locomotives and railroad cars to underdeveloped countries. As production in the Satellites increases and Soviet demands decrease, Satellite producers of rolling stock are seeking contracts outside the Bloc by quoting low prices, offering liberal credit terms, and often dealing on a barter basis.

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Biweekly Report of 29 April 1957

Page 2, 3d paragraph, line 14:

For before read after

Pages 2 and 3, 4th paragraph at bottom of page 2
and continuing on page 3:

For the first two sentences, read

Even without shipments from the US, Polish wheat and wheat flour imports during 1957 are expected to reach an all-time high. Poland is to receive 1.4 million tons of wheat from the USSR under an agreement signed in November 1956. Deliveries began in late 1956 and are expected to be completed by the end of 1957, with the bulk of the shipments being made in 1957. Poland also is to receive during 1957 200,000 tons of wheat from West Germany and 225,000 tons from Canada.

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